

# Fuel Taxes:

## A State-by-State Comparison

---

June 2007



*The 18th Amendment to the Washington State Constitution dedicates motor fuel tax collections to “highway purposes.”*



**Washington State  
Department of Transportation**  
Strategic Planning and Programming

# Fuel Taxes:

## A State-by-State Comparison

Fuel Taxes: A State-by-State Comparison is published with the intent to assess and compare Washington's motor fuel tax to that of the other 49 states and the District of Columbia. Throughout the country, state and local governments impose a variety of cents-per-gallon taxes and taxes based on the retail or wholesale price of fuel. Some states also impose environmental or business taxes that translate into cents-per-gallon charges at the pump. To determine how Washington compares to the other states in the nation, the Washington State Department of Transportation semi-annually analyzes data from other states to learn what taxes are imposed on fuel used by cars and trucks traveling on the nation's roads.

This report covers the period from January 1, 2007 through June 30, 2007. The changes reflected in the tables are due to a variety of reasons. The average cost of fuel has increased since the last report resulting in changes to five states with applicable sales tax or variable tax rates (California, Florida, Hawaii, Illinois, Indiana), three states had increases in excise tax (Arkansas, Kentucky Wisconsin), three states had increases to county or city taxes (Nevada, Oregon, Virginia) and six had increases in other fees (Colorado, Kansas, Louisiana, Minnesota, North Dakota, Texas).

Washington ranked 9<sup>th</sup> among the 50 states and the District of Columbia for combined state, federal, and local gasoline taxes for the first half of 2007. A majority of the states (28) have combined fuel tax rates that fall within the 20¢ to 30¢ range, 12 states fall into the 30¢ to 40¢ range, three states (New York, Hawaii, and California) fall above 40¢ and the remaining eight have combined fuel tax rates under 20¢. Washington's motor fuel taxes are in

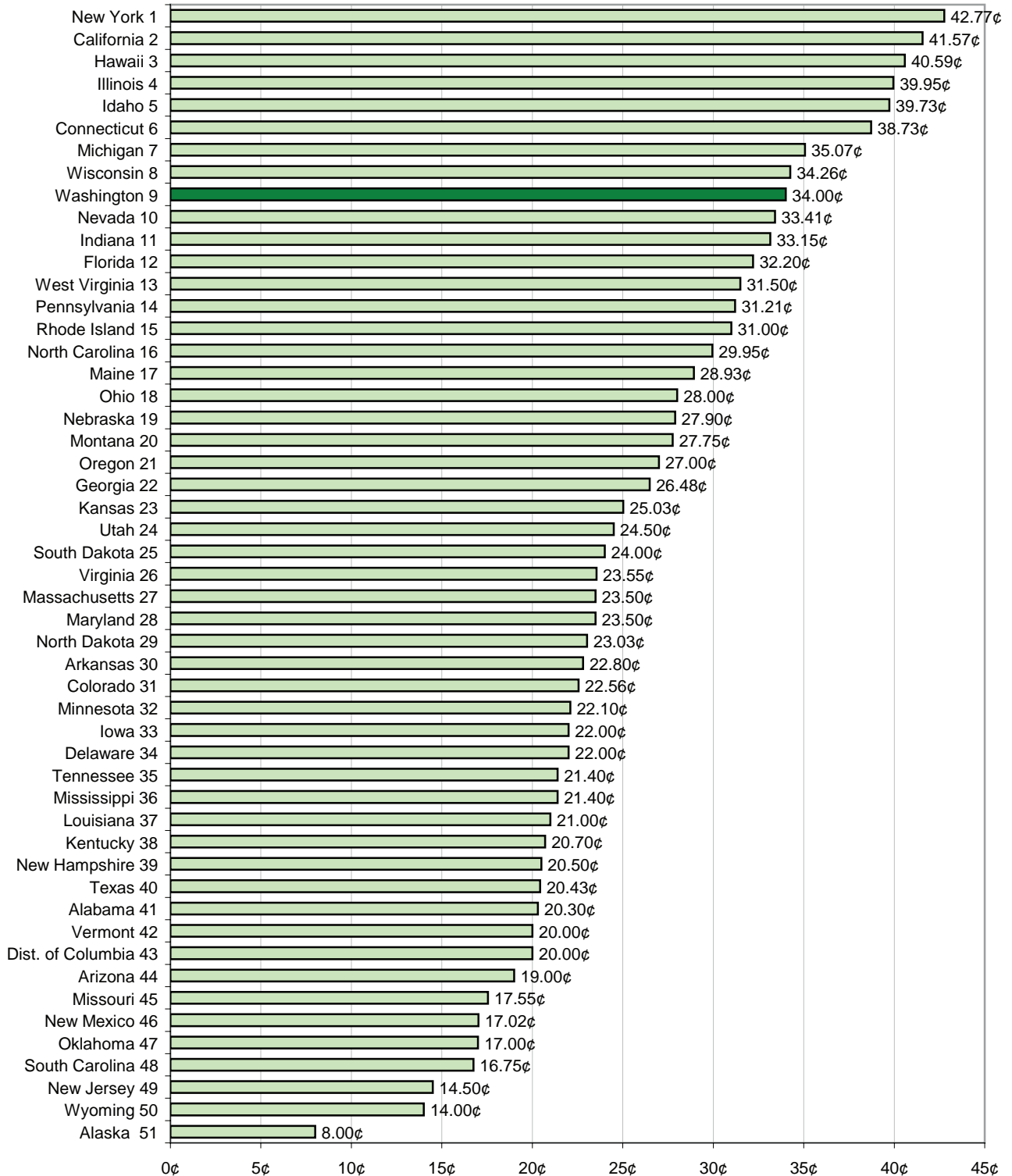
the top 20% nationally. The average state gasoline excise tax is 20.4¢ per gallon. The national average state and local gasoline tax rate for this six-month period is 25.9¢ per gallon. Washington's 34¢ tax rate is still lower than states with congestion problems similar to ours (California 41.6¢, Illinois 40.0¢, and New York 42.8¢).

Including the federal tax on gasoline, the nationwide average tax is 44.3¢ per gallon as of June 30, 2007. The federal tax on gasoline is 18.4¢ per gallon for all states (last increase 1993). Federal and state taxes account for 16.3% of the pump price of gasoline in the nation during the first half of 2007 and 17.7% of the pump price of gasoline in Washington during the same period of time.

The Impact of the Combined State and Federal Motor Fuel Tax Rates at the Pump <i>(dollars per gallon)</i>		
	West Coast	United States
Average Retail Price of Gasoline	\$2.95	\$2.72
Average Motor Fuel Tax Rate <i>(Including Federal Gas Tax of 18.4¢)</i>	\$0.52	\$0.44
Motor Fuel Tax as a Percentage of the Retail Price of Gasoline	17.8%	16.3%
<i>Source: The U.S. Energy Information Administration motor fuel prices for the period of Jan 2007-June 2007.</i>		

The information in this report is gathered from the Commerce Clearing House (CCH) State Tax Guide, Statute Summaries. In addition, data was supplemented with information supplied by individual states, official DOT websites and telephone interviews with officials in selected states.

## State by State Combined State and Local Gas Tax Rate Comparison January 1, 2007 through June 30, 2007



## **Projected State by State Combined State and Local Gas Tax Rate Comparison**

**Assumes Washington 2¢ increase effective July 1st, 2007-All other state rates remain the same**

